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November 18, 2015

Debra A. Howland
Executive Director and Secretary
State of New Hampshire
Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301-2429

DE 15-372

**BRIEF REPLY TO EVERSOURCE OBJECTION
TO SPH MOTION FOR REHEARING**

Dear Ms. Howland:

Please find enclosed for filing an original and 7 copies of this Brief Reply of Steels Pond Hydro, Inc. (SPH) to Eversource's Objection to SPH's Motion for Rehearing in this proceeding.

1. Eversource contends that the Commission's conclusion that a host "may not accept" certain payments is not a limitation on the host. Instead, according to Eversource, the ruling "sets a restriction on what payments may be provided to the host by the utility." In other words, according to Eversource, the limitation applies to Eversource, not SPH. This novel re-interpretation of the Commission's ruling is contrary the plain words used by the Commission in its October 12 ruling, and is an apparent concession by Eversource that the Commission's jurisdiction does not include the authority to restrict SPH's right to receive Forward Capacity Market payments from ISO-NE.

SPH agrees that the Commission's authority over the establishment of just and reasonable rates for *utilities* is plenary. However, the FCM payment to SPH is not a rate or charge levied by Eversource pursuant to a Tariff approved by the Commission. Rather, it is a payment made to SPH by ISO-NE pursuant to the ISO-NE Tariff on file with FERC. The Commission may not interfere with these payments.

2. Secondly, Eversource contends that the “Chapter Puc 900 rules establish regulations governing the implementation of net metering. That regulation references PURPA and establishes implementation for such net metering pursuant to Section 210 of PURPA. *See* Puc 903.02(i).”

Puc 903.02(i) is applicable only to the “determination of the rates for utility avoided costs for energy and capacity used to calculate the economic value of surplus net metered generation for the previous year.” The Chapter Puc 900 rules do not confer any other authority on FERC with respect to implementation of net metering. Eversource’s claim that the Chapter Puc 900 rules establishes rules for net metering pursuant to section 210 of PURPA is palpably erroneous.

In closing, SPH acknowledges the Commission’s concern about “double-counting of capacity and over-compensation to the customer-generator” if Eversource must pass-through the FCM payments which belong to SPH. However, SPH is not required to use Eversource as its Lead Market Participant. If necessary and for any reason, SPH is prepared to exercise its right under ISO-NE Market Rules to become its own Lead Market Participant in order to obtain FCM payments.

Sincerely,

/s/ James T. Rodier